

CASE

NUMBER:

99-382

INDEX FOR CASE: 99-382
MARTIN COUNTY WATER DISTRICT
Tariffs
SEWER SERVICE

IN THE MATTER OF THE TARIFF FILING OF MARTIN COUNTY WATER
DISTRICT TO ADD SEWER SERVICE

SEQ NR	ENTRY DATE	REMARKS
0001	09/17/99	Order suspending proposed tariff to Feb. 29, 2000
0002	10/21/99	FINAL ORDER; APPROVES PROPOSED SEWER RATE



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-382
MARTIN COUNTY WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on October 21, 1999.

Parties of Record:

Niles Cumbo
Superintendent
Martin County Water District
HC 69, Box 875
Inez, KY. 41224

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF MARTIN COUNTY)
WATER DISTRICT TO ADD SEWER SERVICE) CASE NO. 99-382

O R D E R

On August 31, 1999, Martin County Water District ("Martin") filed a tariff with the Commission wherein it proposed to add a rate for the provision of sewer service. On September 17, 1999, the Commission issued an Order suspending the proposed tariff through February 29, 2000 in order to investigate the reasonableness of the proposed rate.

Martin is involved in a demonstration project, funded by the PRIDE program, and administered by the U.S. Army Corps of Engineers, that will provide sewer service to six homes in Lovely, Martin County, Kentucky. While the PRIDE program provided construction financing, it is Martin's responsibility to operate and maintain the system.

TEST PERIOD

Since Martin's sewer operations are new, test-period financial information does not exist. Estimated pro forma expenses have been utilized for the determination of Martin's revenue requirement.

PROJECTED REVENUES AND EXPENSES

Martin projected operating expenses on the basis of providing sewer service to six customers. The Commission is of the opinion that the projected operating expenses are generally proper, and they have therefore been accepted.

REVENUE REQUIREMENT

Martin's requested sewer rate is based on its projected operating expenses and does not include depreciation expense or a surplus to allow for equity growth. In a case such as this where sewer operations have not commenced it is difficult to estimate or project operating revenues and expenses until the system has actual operating results. Therefore, the Commission has granted the amount of revenues requested by Martin, but advises that Martin should review its financial position after one year of operating its sewer system. Should Martin deem it necessary to make adjustments, it should apply to the Commission for authority. The Commission will monitor Martin's financial condition through review of Martin's annual reports.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Martin currently does not provide sewer service to any customers.
2. The proposed tariff is only for service to the six homes specified in this demonstration project.
3. Martin has provided proper and adequate justification for the proposed rate for sewer service for this specific project.

4. The proposed rate for sewer service for this specific project is fair, just, and reasonable.

IT IS THEREFORE ORDERED that:

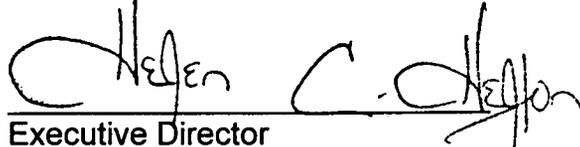
1. The sewer rate proposed by Martin, attached as Appendix A, is hereby approved for services rendered on and after the date of this order.

2. Within 20 days from the date of this Order, Martin shall file a tariff with the proper effective date.

Done at Frankfort, Kentucky, this 21st day of October, 1999.

By the Commission

ATTEST


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-382 DATED OCTOBER 21, 1999

The following rates and charges are prescribed for sewer customers served by Martin County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Rates:

Sewer Service – Lovely, Ky., PRIDE Demonstration Project \$26.25 per month



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 17, 1999

Niles Cumbo
Superintendent
Martin County Water District
HC 69, Box 875
Inez, KY. 41224

RE: Case No. 99-382

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF MARTIN)
COUNTY WATER DISTRICT TO) CASE NO. 99-382
ADD SEWER SERVICE)

O R D E R

On August 31, 1999, Martin County Water District ("Martin County Water") filed a tariff with the Commission wherein it proposed to add sewer service. The tariff bears an effective date of September 1, 1999.

The Commission finds that, pursuant to KRS 278.180, a tariff change can only become effective upon 30 days' notice to the Commission. Since Martin County Water's revised tariff was filed on August 31, 1999, the earliest date that the tariff can become effective is September 30, 1999. The Commission further finds that an investigation will be necessary to determine the reasonableness of the revised tariff, and that investigation cannot be concluded by September 30, 1999. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the revised tariff for 5 months, through February 29, 2000.

IT IS THEREFORE ORDERED that the proposed tariff filing of Martin County Water is suspended up to and including February 29, 2000.

Done at Frankfort, Kentucky, this 17th day of September, 1999.

By the Commission

ATTEST:


Executive Director

MARTIN COUNTY WATER DISTRICT

HC 69, Box 875
Inez, Kentucky 41224
(606)298-3885

September 1, 1999

Louie Lowe
P.O. Box 312
Lovely, Kentucky 41231

Re: Martin County Water District
PRIDE Demonstration Project
Lovely, KY

Dear Mr. Lowe:

The Martin County Water District is nearly complete with a demonstration project in the Lovely, Kentucky area of the County. This project was funded by the PRIDE program and administered by the U.S. Army Corps of Engineers. Six homes in the flood plain, two of which belong to you, were raised above the flood level by the Corps and a sand filter/septic tank system was installed for wastewater disposal. While the PRIDE program provided construction financing, it is the District's responsibility to operate and maintain the system. It is necessary for the District to charge you and each of the other five customers a monthly fee to pay the cost of O&M.

We have enclosed a proposed tariff detailing the rate to be charged. The rate was determined by dividing the estimated annual O&M cost by twelve months by six customers. The estimated operation and maintenance costs is as follows:

Electric - a one-half horsepower motor has been installed to power the recirculation pump. It was estimated that the electric would be the minimum commercial service of \$45.62 per month (rounded to \$550 per year).

Chemicals - chlorine tablets will be utilized to provide disinfection of the wastewater prior to discharge to the stream. The cost estimate of \$25/month (\$300/year) was provided by a contract operations company which uses this type of disinfection at package treatment plants it operates.

Laboratory - because there is a discharge to a stream, the system has a KPDES permit and quarterly samples are required. The annual cost of \$200 was provided by Appalachian States Analytical. This lab provides the laboratory services to the water treatment plant operated by the Water District.

Louie Lowe
Re: Martin County Water District
PRIDE Demonstration Project
Lovely, Kentucky
September 1, 1999
Page 2

Contract Operator - because there is a KPDES permit, a Discharge Monitoring Report must be filed with the KY Division of Water. This report must be signed by a licensed wastewater plant operator. The District does not currently have a licensed wastewater plant operator therefore, we must contract with someone with the appropriate license. The estimated annual cost of \$600.00 was a quote from a licensed operator in Pike County who is willing to travel to Martin County every two weeks to check the system and work with the District personnel to train them to properly operate and maintain the system.

Septic Tank Pumping - the system operators with septic tanks in place at each home to collect the solids. The liquid drains to the sand filter, then is disinfected and discharged. It is estimated that each septic tank would have to be pumped once every five years. At a current cost of \$200 per tank, it was estimated that the District would have to collect \$3.33 per month (\$240 total annual cost) per customer to have the funds necessary to pump the septic tanks in five years.

After identifying these costs and obtaining quotes, it is determined that the monthly fee you are to pay will be \$26.25 for sewer service beginning October 1, 1999 for each of your two houses. Your total monthly fee for both houses will be \$52.50.

If you have any questions, please call me.

Sincerely,



T. Craig Justice
District Manager

xc: Jordan Neel
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

T60-1026

JACK H. HORN
ATTORNEY AT LAW
P.O. BOX 324
INEZ, KENTUCKY 41224

RECEIVED

AUG 31 1999

TEL (606) 298-7781
FAX (606) 298-3122

ADMITTED IN KENTUCKY
AND WEST VIRGINIA

August 17, 1999

PUBLIC SERVICE
COMMISSION

Ms. Helen Helton
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Martin County Water District
PRIDE Demonstration Project
Lovely, KY

Dear Ms. Helton:

The Martin County Water District is nearly complete with a demonstration project in the Lovely, Kentucky area of the County. This project was funded by the PRIDE program and administered by the U.S. Army Corps of Engineers. Six homes on one street in the flood plain were raised above the flood level by the Corps and a sand filter/septic tank system was installed for wastewater disposal. While the PRIDE program provided construction financing, it is the District's responsibility to operate and maintain the system. It is necessary for the District to charge the six customers a monthly fee to pay the cost of O&M.

We have enclosed a proposed tariff detailing the rate to be charged to these six customers. The rate was determined by dividing the estimated annual O&M cost by twelve months by six customers. The estimated operation and maintenance costs is as follows:

Electric - a one-half horsepower motor has been installed to power the recirculation pump. It was estimated that the electric would be the minimum commercial service of \$45.62 per month (rounded to \$550 per year).

Chemicals - chlorine tablets will be utilized to provide disinfection of the wastewater prior to discharge to the stream. The cost estimate of \$25/month (\$300/year) was provided by a contract operations company which uses this type of disinfection at package treatment plants it operates.

Laboratory - because there is a discharge to a stream, the system has a KPDES permit and quarterly samples are required. The annual cost of \$200 was provided by Appalachian States Analytical. This lab provides the laboratory services to the water treatment plant operated by the Water District.

Ms. Helen Helton
Re: Martin County Water District
PRIDE Demonstration Project
Lovely, Kentucky
August 17, 1999
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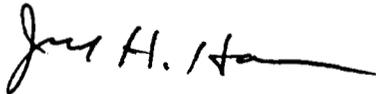
Contract Operator - because there is a KPDES permit, a Discharge Monitoring Report must be filed with the KY Division of Water. This report must be signed by a licensed wastewater plant operator. The District does not currently have a licensed wastewater plant operator therefore, we must contract with someone with the appropriate license. The estimated annual cost of \$600.00 was a quote from a licensed operator in Pike County who is willing to travel to Martin County every two weeks to check the system and work with the District personnel to train them to properly operate and maintain the system.

Septic Tank Pumping - the system operators with septic tanks in place at each home to collect the solids. The liquid drains to the same filter, then is disinfected and discharged. It is estimated that each septic tank would have to be pumped once every five years. At a current cost of \$200 per tank, it was estimated that the District would have to collect \$3.33 per month (\$240 total annual cost) per customer to have the funds necessary to pump the septic tanks in five years.

After identifying these costs and obtaining quotes, it is determined that the monthly fee per customer would be \$26.25 for sewer service. Because this is such a small system with no prior history, we are requesting permission of the Public Service Commission to put these rates into effect immediately with no additional filing requirements.

We appreciate your attention to this request.

Sincerely,



For Lovely, Kentucky
Community, Town or City

P.S.C. NO. _____

REVISED SHEET NO. _____

CANCELLING P.S.C. NO. _____

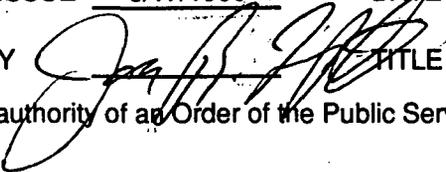
ORIGINAL SHEET NO. _____ 1

Martin County Water District
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

	RATE PER UNIT
Sewer Service - Lovely PRIDE Demonstration Project	\$26.25 per month

DATE OF ISSUE 8/17/1999 DATE EFFECTIVE 9/1/1999

ISSUED BY  TITLE Chairman

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. dated